

Committee on Ways and Means

Summary of Conference Report, H.R. 1308 *“Working Families Tax Relief Act of 2004”*

Extends family tax relief provisions through 2010.

- Marriage penalty relief is extended.
- The expanded 10-percent income tax bracket is extended.
- The \$1,000 child tax credit is extended, and the higher 15-percent refundability rate is accelerated to the beginning of 2004.

Without action, families will face a \$109 billion tax increase over the next 10 years.

Provides assistance to military families in combat zones.

- Increases the child credit for military families by allowing them to include tax-free combat pay when calculating their refundable child credit.
- Increases the Earned Income Credit (EIC) for military families in 2004 and 2005 by giving them the option to include combat pay when calculating the EIC.

Provides an additional \$199 million of assistance to military families in combat zones.

Extends relief from the Alternative Minimum Tax (AMT) through 2005.

- The \$58,000 AMT exemption amount for married couples is extended for one year (through 2005). Without action, it will drop to \$45,000 next year.
- The \$40,250 AMT exemption amount for single individuals is extended for one year (through 2005). Without action, it will drop to \$33,750.

Without action, more middle income families will be pushed into the AMT resulting in a tax hike of \$23 billion over the next 10 years.

Creates a uniform definition of a child for tax purposes,

- Simplifies the Tax Code by adopting a uniform definition of a child for the dependency exemption, the child credit, the EIC, the dependent care credit, and head-of-household filing status.

Simplifies the Tax Code and provides \$1.5 billion of tax relief for families with children over the next 10 years.

Extends annual expiring tax provisions through 2005.

- Extends Tax Code provisions that expired in 2003 (without modification). These provisions are routinely extended on an annual basis.
 1. Research and development tax credit
 2. Mental health parity
 3. Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work tax credit
 4. Qualified Zone Academy Bonds
 5. Higher limit on the cover over of rum excise taxes to Puerto Rico and the Virgin Islands
 6. Deduction for computer donations
 7. \$250 deduction for teacher classroom expenses
 8. Expensing of “Brownfields” environmental remediation costs
 9. Authority to issue New York Liberty Zone bonds (extended through 2009)
 10. Advance refunding of Liberty Zone bonds
 11. Tax incentives for investment in the District of Columbia
 12. Combined employment tax reporting demonstration project
 13. Allow nonrefundable tax credits against the AMT
 14. Tax credit for electricity produced from renewable sources
 15. Suspension of 100 percent of taxable income limit with respect to marginal production
 16. Indian employment tax credit
 17. Accelerated depreciation for business property on Indian reservations
 18. Disclosure of tax return information for student loan repayment administration
 19. Tax credit for electric vehicles
 20. Deduction for clean-fuel vehicles
 21. Archer MSAs
 22. Disclosures relating to terrorist activities
 23. Joint Committee on Taxation report and joint hearing on IRS strategic plans

Provides \$13 billion of tax relief over 10 years.

Technical Corrections

- H.R. 1308 also includes several technical corrections to current-law provisions. These corrections have no revenue effect because they reflect the intent of current law.